



# Update

WINTER 2012

A legislator's guide to oral health care issues, provided by the members of the Pennsylvania Dental Association

*Providing  
Access to  
Dental Care  
in  
Pennsylvania*

## TAX SMOKELESS TOBACCO IN *Pennsylvania*

The Pennsylvania Dental Association (PDA) supports legislation requiring a tax on smokeless tobacco products as a percentage of wholesale price as a means to discourage the use of all tobacco products. PDA supports this tax as long as the revenue is used for programs to reduce the morbidity and mortality associated with tobacco-related diseases, especially oral diseases.

Pennsylvania is the only state in the nation without a tax on smokeless tobacco products, such as cigars, snuff, chewing tobacco and dipping tobacco. Though all of us are generally opposed to paying more taxes, we must look at what might be gained from levying a tax on smokeless tobacco products. As evidenced in other states, raising the price of these products will reduce their use, particularly among adolescents and young adults. In simple economic terms, healthier individuals lead to a reduction in health care expenditures, saving the insured with the cost of insurance premiums and taxpayers the cost of providing insurance to others.

As health care professionals focused on treating the teeth, jaw and associated structures, dentists see firsthand the detrimental effect of smokeless tobacco products, which can irritate gum tissue and cause periodontal disease. These products often contain sugar to enhance their flavor, which increases the risk for tooth decay, and sand and grit, which wear down teeth.

Even more seriously, smokeless tobacco products contain at least 28 cancer-causing chemicals. These products cause cancers of the mouth, lip, tongue and pancreas. Users also have an escalated risk for cancer of the voice box, esophagus, colon and bladder, because they swallow some of the toxins in the juice created by smokeless tobacco products.

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According to the Campaign for Tobacco-Free Kids, "As with cigarettes, raising the price of smokeless tobacco products through state tax increases or other means will prompt a reduction in smokeless tobacco use, especially among adolescents and young adults."

# TOBACCO ATTACK

Dentists are often the first ones to see into the "gateway" of a person's body, and their adeptness at detecting problems in the mouth is vital to early detection and treatment. They see the ravages that smokeless tobacco products cause over time with cavities and periodontal (gum) disease, the latter now being linked to heart and other diseases. Even more important, they often detect signs of cancer in the mouth and other areas of the body that are caused by tobacco use. Smokeless tobacco causes leukoplakia, a disease of the mouth which leads to oral cancer. Studies have found that 60 to 78 percent of spit tobacco users have oral lesions, which are a telltale sign of leukoplakia.

Smokeless tobacco products contain enough nicotine that they are as addictive as cigarettes. Nicotine is a contributing factor for coronary artery disease, peripheral vascular disease, hypertension, peptic ulcer disease and fetal abnormalities.

Most studies conclude that raising the price of smokeless tobacco products will result in a reduction of its use, especially among children and young adults. The U.S. Centers for Disease Control and Prevention Task force on Community Preventive Services found that a price increase reduces use among children and adults, as well as reduces the quantity used by those individuals who do not entirely quit. The task force concluded that children and young adults are two to three times more sensitive to tobacco price changes than adults.

Apply this to rural Pennsylvania, where the problem of tobacco use among children is especially acute, and it would not take long to see the health benefits of taxing tobacco products. Fifteen percent of high school boys use smokeless tobacco products. The Center for Rural Pennsylvania study found that smokeless tobacco usage by sixth through twelfth graders is a significant and growing problem that appeared more severe than usage by children on a national level.

## Who We Are

The Pennsylvania Dental Association (PDA), comprised of 5,500 actively practicing and retired dentists, is proud of its efforts to improve Pennsylvanian's oral health.

PDA's goal is to promote optimal dental care for the public, improve the availability of dental care for all citizens, speak on behalf of the public's dental health interests before government entities and educate the public about preventing dental disease and promoting good oral health.

This edition of the **Oral Health Update** is about PDA's efforts to improve the health of all Pennsylvanians, particularly those who use tobacco products. This issue impacts us all when these individuals are unable to pay the health care costs of treating tobacco-related conditions and diseases. Dentists are uniquely positioned to identify those patients who are at risk of developing oral cancer and other diseases due to tobacco use. It imperative that individuals visit the dental office on a regular basis for early detection and treatment. Please consider PDA members a resource, not only on health-related legislative issues, but as the experts to help improve oral health literacy and access to dental care in your communities.



**“Smokeless tobacco products have been found to pose serious health risks and are a known cause of cancer.”**

**- Campaign for Tobacco-Free Kids**

## A GOOD TAX

Raising taxes or instituting new taxes is usually not a very popular concept with Americans. But with the new federal health care reform law and subsequent changes that will result in more Pennsylvanians qualifying for subsidized coverage, the concept of taxing smokeless tobacco products is worth another look.

In 2010, former Governor Ed Rendell proposed a 30 percent tax on the retail price of cigars and smokeless tobacco products, which would purportedly raise approximately \$42 million in revenue for the state. The organization PA Smokeless Loophole projected between \$70 and \$100 million in new revenue annually. PDA cannot explain the discrepancy in numbers but it does believe that a tobacco tax would generate significant revenue for the state to a) continue programs to educate the public about healthy habits, and b) use the new revenue to provide some relief to hospitals and others for uncompensated health care expenditures. Some of the money can even be used to fund the Medical Assistance program, which will continue to flounder due to the sheer number of new enrollees in the next few years unless additional funds are allocated to compensate health care providers.

Opponents of a tobacco tax argue that a tax will drive tobacco companies from this state. However, 49 states have an excise tax on smokeless tobacco products. Pennsylvania and Florida are the only two states that do not tax cigars. It is hard to see where these companies might settle when Pennsylvania is the exception, rather than the rule, to states having tobacco taxes. According to the Pennsylvania Budget and Policy Center, “[Ninety-three percent] of tobacco in the U.S. is grown in five states that all impose this tax: North Carolina, Kentucky, Tennessee, Virginia and South Carolina. Pennsylvania produces only 1.6 [percent] of the nation’s tobacco.”



## FINANCIAL Facts

- Total annual public and private health care expenditures caused by smoking: \$96 billion
- Annual health care expenditures solely from secondhand smoke exposure: \$4.98 billion
- Annual productivity losses caused by smoking: \$97 billion
- People in the United States who currently suffer from smoking-caused illnesses: 8.6 million

These figures **DO NOT** include the health care expenditures and illnesses caused by smokeless tobacco use. Imagine how much higher the numbers would be if they were included.

*Figures are courtesy of the Campaign for Tobacco-Free Kids’ “Toll of Tobacco in the United States” fact sheet.*

According to the Campaign for Tobacco-Free Kids, "...it is important to make sure that the tax rates on all tobacco products are roughly comparable, to minimize shifts from one tobacco product to another cheaper one and to maximize the overall reduction in tobacco use."

Taxing as a percentage of wholesale price, as opposed to a weight-based tax, is the most equitable way to tax products of varying quality and price.

**For more information on state excise tax rates for non-cigarette tobacco products, please see the attached chart provided by Campaign for Tobacco-Free Kids.**

## OTHER RESOURCES

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The Pennsylvania Budget and Policy Center: [www.pennbpc.org](http://www.pennbpc.org)

American Lung Association: [www.lungusa.org](http://www.lungusa.org)

Campaign for Tobacco-Free Kids: [www.tobaccofreekids.org](http://www.tobaccofreekids.org)

Center for Rural Pennsylvania: [www.ruralpa.org](http://www.ruralpa.org)

Tar Wars: [www.tarwars.com](http://www.tarwars.com)

## Contact Us

PDA prides itself on being Pennsylvania's premier dental organization and the leading authority on all dental issues. Please contact our government relations staff at [mss@padental.org](mailto:mss@padental.org), or (717) 234-5941, for more information about our advocacy goals. You also can contact PDA's government relations consultants, Mark Singel and Peg Callahan of The Winter Group, at (717) 909-9561.

Visit [www.padental.org](http://www.padental.org) to find out more about us and the services our members provide to your constituents! Find us on Twitter @padentalassn and on Facebook [www.facebook.com/padentalassn](http://www.facebook.com/padentalassn).

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## STATE EXCISE TAX RATES FOR NON-CIGARETTE TOBACCO PRODUCTS

Every state except for PA has at least some tax on non-cigarette tobacco products. FL does not tax cigars, but does tax all other tobacco products. The highest rates, as a percentage of wholesale/manufacture's price, are in WI (100%), WA (95%), VT (92%), MA (90%), RI (80%) ME (78%), and AK (75%). Of those states that tax moist snuff at a percentage of price, the average rate is roughly 39%, despite very low rates in SC (5%), TN (6.6%), and WV (7%). TN and WV also have two of the highest rates of smokeless use by high school males (21.3% and 24.2%). Nationwide, 15.0% of high school boys and 2.2% of girls use smokeless tobacco.<sup>1</sup> It is important to raise tax rates on all tobacco products to prevent switching to a lower-taxed and lower-priced tobacco product or initiation. See Campaign Factsheets, *Smokeless Tobacco and Kids*, [www.tobaccofreekids.org/research/factsheets/pdf/0003.pdf](http://www.tobaccofreekids.org/research/factsheets/pdf/0003.pdf) and *Benefits from Increasing Smokeless Tobacco Taxes*, <http://www.tobaccofreekids.org/research/factsheets/pdf/0180.pdf>.

State	Snuff Tax <sup>2</sup>	Chewing & Smoking Tobacco Tax	Cigar Tax	Date OTP tax last changed	Cigarette Tax (¢/pack)	Parallel Tax (% mfr. price)
Alabama	1.0-12.0¢/oz.	Chewing: 1.5¢/oz.; Smoking: 4-6¢/oz.	4.0-40.5¢/10 cigars	5/18/2004	42.5	14%
Alaska	75% wholesale price	75% wholesale price	75% wholesale price	10/1/1997	200	66%
Arizona	22.35¢/oz.	22.35¢/oz.	20.35-218¢/10 cigars	12/8/2006	200	66%
Arkansas	68% mfr. price	68% mfr. price	68% mfr. price	3/1/2009	115	38%
California <sup>3</sup>	31.73% wholesale price	31.73% wholesale price	31.73% wholesale price	7/1/2011	87	29%
Colorado	40% mfr. price	40% mfr. price	40% mfr. price	1/1/2005	84	28%
Connecticut	100¢/oz.	50% wholesale price	50% wholesale price, 50¢ cap	7/1/2011	340	113%
Delaware	54¢/oz.	15% wholesale price	15% wholesale price	6/30/2007	160	53%
DC	75¢/oz.	12% retail price, not pipe tobacco	12% retail price (not on \$2+ cigars)	1/1/2010	250	83%
Florida	85% wholesale price	85% wholesale price	None	7/1/2009	133.9	44%
Georgia	10% wholesale price	10% wholesale price	2.5¢/10 cigars; 23% wholesale price	7/1/2003	37	12%
Hawaii	70% wholesale price	70% wholesale price	50% wholesale price	9/30/2009	320	106%
Idaho	40% wholesale price	40% wholesale price	40% wholesale price	7/1/1994	57	19%
Illinois	18% wholesale price	18% wholesale price	18% wholesale price	7/16/1996	98	33%
Indiana	24% wholesale price	24% wholesale price	24% wholesale price	7/1/2007	99.5	33%
Iowa	119¢/oz.	50% wholesale price	50% wholesale price, 50¢ cap	3/15/2007	136	45%
Kansas	10% mfr. price	10% mfr. price	10% mfr. price	7/1/1972	79	26%
Kentucky	19¢/unit <sup>4</sup>	15% wholesale price	15% wholesale price	4/1/2009	60	20%
Louisiana	20% mfr. price	Chewing: 20% mfr. price; Smoking: 33%	8%-20% mfr. price	7/1/2000	36	12%
Maine	202¢/oz. (with min. tax)	Chewing: 202¢/oz.; Smoking: 20%	20% wholesale price	7/1/2009	200	66%
Maryland	15% wholesale price	15% wholesale price	15% wholesale price	7/1/2000	200	66%
Massachusetts	90% wholesale price	Chewing: 90% w/s price; Smoking: 30%	30% wholesale price	7/25/2002	251	83%
Michigan	32% wholesale price	32% wholesale price	32% wholesale price	7/1/2004	200	66%

<sup>1</sup> Youth Risk Behavior Surveillance (YRBS), 2009, <http://www.cdc.gov/mmwr/pdf/ss/ss5905.pdf>.

<sup>2</sup> Each state defines "snuff" differently, but it is usually defined as any powdered, finely cut, or ground tobacco that is not intended to be smoked.

<sup>3</sup> California's other tobacco product tax is based on the state's cigarette tax rate and changes every year.

<sup>4</sup> Dry snuff only. A unit is defined as a container less than 1.5oz. Moist snuff is taxed at the same rate as chewing tobacco.

State	Snuff Tax <sup>2</sup>	Chewing & Smoking Tobacco Tax	Cigar Tax	Date OTP tax last changed	Cigarette Tax (¢/pack)	Parallel Tax (% mfr. price)
Minnesota	70% wholesale price	70% wholesale price	70% wholesale price	8/1/2005	158.6	53%
Mississippi	15% mfr. price	15% mfr. price	15% mfr. price	6/1/2005	68	23%
Missouri	10% mfr. price	10% mfr. price	10% mfr. price	10/1/1993	17	6%
Montana	85¢/oz.	50% wholesale price	50% wholesale price	1/1/2005	170	56%
Nebraska	44¢/oz.	20% wholesale price	20% wholesale price	10/1/2009	64	21%
Nevada	30% wholesale price	30% wholesale price	30% wholesale price		80	27%
New Hampshire	48% wholesale price	48% wholesale price	48% wholesale price (not premium)	7/1/2011	168	56%
New Jersey	75¢/oz.	30% wholesale price	30% wholesale price	7/15/2006	270	90%
New Mexico	25% mfr. price	25% mfr. price	25% mfr. price		166	55%
New York	200¢/oz. (with min. tax)	75% wholesale price	75% wholesale price	8/1/2010	435	144%
North Carolina	12.8% wholesale price	12.8% wholesale price	12.8% wholesale price	9/1/2009	45	15%
North Dakota	60¢/oz.	Chewing: 16¢/oz.; Smoking: 28% w/s price	28% wholesale price	7/1/2001 <sup>†</sup>	44	15%
Ohio	17% wholesale price	17% wholesale price	17% wholesale price	2/1/1993	125	41%
Oklahoma	60% mfr. price	Chewing: 60% mfr. price; Smoking: 80%	3.6-120¢/10 cigars	1/1/2005	103	34%
Oregon	178¢/oz. (with min. tax)	65% wholesale price	65% wholesale price, 50¢ cap	1/1/2010	118	39%
Pennsylvania	None	None	Little cigars taxed as cigarettes	11/1/2009	160	53%
Rhode Island	100¢/oz.	80% wholesale price	80% wholesale price, 50¢ cap	4/10/2009	346	115%
South Carolina	5% mfr. price	5% mfr. price	5% mfr. price		57	19%
South Dakota	35% wholesale price	35% wholesale price	35% wholesale price	1/1/2007	153	51%
Tennessee	6.6% wholesale price	6.6% wholesale price	6.6% wholesale price	7/15/2002	62	21%
Texas	116¢/oz. (with min. tax)	116¢/oz. (with min. tax)	1-15¢/10 cigars	9/1/2011	141	47%
Utah	183¢/oz.	86% mfr. price	86% mfr. price	7/1/2010	170	56%
Vermont	187¢/oz. or 224¢/pack if less than 1.2oz.	92% mfr. price	92% mfr. price for <\$1.08 price; \$2 per cigar for >\$1.08 to <\$10; \$4 per cigar for ≥ \$10	7/1/2010	262	87%
Virginia	18¢/oz.	Chewing: 21¢-70¢/unit Other: 10% mfr. price	10% mfr. price	1/1/2011	30	10%
Washington	252.6¢/oz. (on 10/1/10)	95% taxable sales price	95% taxable sales price, 75¢ cap	5/1/2010	302.5	100%
West Virginia	7% wholesale price	7% wholesale price	7% wholesale price	7/1/2003	55	18%
Wisconsin	100% mfr. price	71% mfr. price	71% mfr. price, 50¢ cap	9/1/2009	252	84%
Wyoming	60¢/oz.	20% wholesale price	20% wholesale price	7/1/2009	60	20%
US Government	9.4¢/oz.	Chewing: 3.1¢/oz.; Pipe: 17.7¢/oz.; RYO: \$1.55/oz.	Small cigars: \$1.01/20-pack Large cigars: 52.75% wholesale price, 40.26¢ cap	4/1/2009	100.66	33%

**Campaign for Tobacco-Free Kids, December 20, 2011 / Ann Boonn**

**Manufacturer's (Mfr.) Price** is the price charged to wholesalers/distributors by the tobacco company that makes the product. **Wholesale (w/s) Price** is either the price charged to retailers by the wholesalers/distributors or, in some states, equal to the Manufacturer's Price. **Parallel tax rate** is based on the cigarette tax and the taxable wholesale price of cigarettes versus other tobacco products.

**Sources:** Orzechowski & Walker, *The Tax Burden on Tobacco*, 2010; press reports; U.S. Alcohol and Tobacco Tax and Trade Bureau; USDA Economic Resource Service.

More information on other tobacco product taxes is available at [http://www.tobaccofreekids.org/facts\\_issues/fact\\_sheets/policies/tax/other\\_products/](http://www.tobaccofreekids.org/facts_issues/fact_sheets/policies/tax/other_products/).